



Committee On Finance

Max Baucus, Ranking Member

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STATEMENT OF SENATOR MAX BAUCUS REGARDING MEDICARE

I'd like to thank Chairman Grassley for his hard work and dedication that has helped us get to where we are today. Considering that just about two weeks ago we were focused on a tax cut, it's quite an accomplishment to be laying out a Medicare reform and prescription drug proposal today.

We're at an important point. We have \$400 Billion laying on the table, specifically earmarked for Medicare reform and a prescription drug benefit. We've been at this point before and it passed us by.

This time will be different. The stars are in alignment this year. Chairman Grassley and I have put together a good preliminary package that will help seniors across the country. It's not a perfect package. Sure, there are provisions I would have liked to see in the bill. And others I might not have included if I wrote the bill by myself.

But that's not what Congress is about -- none of us can pass a bill by ourselves. The bill we'll pass is a product of many different opinions and many different points of view. Too often lately, it feels like people don't even want to try to work together in a bipartisan manner.

But by not working together, the only people we're hurting are the ones we were elected to serve. Our seniors need a drug benefit included in Medicare. They need a strengthened Medicare program that will remain viable for decades to come.

We have \$400 Billion sitting on the table in front of us. We can't squander this opportunity.

Over 40 Million Americans depend on Medicare for their health care needs. And this number will grow by leaps and bounds as baby boomers retire. Today, we're talking about ideas that would modernize the Medicare program.

Chairman Grassley talked about the main outline. Now, I'd like to focus on how we're working to make sure rural and low income seniors are taken care of in any final bill we pass.

One of the reasons that Chairman Grassley and I were able to agree on a framework is because of our shared dedication to providing for our rural seniors. Iowa seniors, Montana seniors, and seniors throughout rural America will all see benefits from our prescription drug proposal.

We would establish a voluntary drug benefit under a new Part D of Medicare. If a senior decides to join a private managed care or preferred provider plan, then the prescription drug benefit would be rolled into that plan.

If a senior decides to stay in traditional fee-for-service Medicare then they would receive their drug benefit through a stand alone plan.

Here's the important point: The value of, or subsidy toward, the prescription drug benefit would be equal for seniors who move into private plans or who stay in fee-for-service.

Unlike the President's proposal, we're not using carrots to entice or coerce seniors into plans that might not work for them. This is especially important to rural states like Montana where many seniors don't have the option of moving into a private plan because those plans don't exist.

That leads me to my next point. Chairman Grassley and I have included a strong government fallback. Seniors must have access to at least TWO private plans for a prescription drug benefit, or the government will provide a fall back plan.

That means that whether a senior lives in Los Angeles, California or Wolf Point, Montana, they'll have guaranteed access to a prescription drug program. And it will be a program with a national premium and standard benefit.

We've also focused on making sure the prescription drug program provides for our low income seniors.

Beginning in 2006, the Medicare program would provide drug cost assistance to low-income seniors on a sliding scale relative to their income.

And for seniors who are eligible for both Medicare AND Medicaid, we'd make sure the Medicaid benefit is comparable to the Medicare benefit. The federal government would provide states with assistance to make sure that happens.

Between the time the bill passes and 2006, we'd provide low income seniors with a drug discount card. The exact benefits of the card are still being determined, but it's important that we provide low income seniors with prescription drug assistance as soon as possible.

I have a good feeling about the progress we've made. We're on the right track. The proposal Chairman Grassley and I are working on is still very much dependant on the CBO score, which we expect to receive in the next few days. I anticipate that changes will have to be made, but we're in a good position.

I'd like to thank Chairman Grassley for seizing this opportunity with me. How often do we have a situation where money has been set aside for a program? \$400 Billion is a significant level of funding. We can do a lot of good with that money and help seniors all over the country.

I'd like to extend an invitation today to all of my Finance Committee colleagues and Senate colleagues. I ask them to join me in developing a final Medicare and prescription drug bill that we can pass in the coming weeks.

I'd ask each of us to be open to compromise and new ideas. We need to remember who we're doing this for and that's our seniors. It's time to take advantage of the \$400 Billion and pass a good bill. Thank you.